

Report to the Cabinet

Meeting to be held on Thursday, 11 June 2020

Report of the Chief Executive and Director of Resources

Part I

Electoral Division affected:
None;

Combined Authority for Lancashire with an Elected Mayor

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Executive Summary

Cabinet is asked to note the current position on devolution, combined authorities and options for future joint working with the other Lancashire local authorities, and to identify a preferred option for consideration by Full Council.

Recommendation

Cabinet is asked to:

- i. Support the principle for a Combined Authority and Elected Mayor for Lancashire; and
- ii. Recommend that Full Council be asked to support this option.

Background and Advice

A combined authority is a legal entity that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. They can only be created by parliament, although the development and administration of a combined authority must be locally driven by the authorities involved. Combined authorities can have powers delegated to them by the partner authorities, and can also take advantage of powers and resources delegated to them by national government as part of a devolution deal. Each group of local authorities can determine the powers it wishes to exercise through the combined authority, and negotiates with government on that basis.

Linked to combined authorities is the idea of an elected mayor for the area covered. The government has constantly expressed a strong preference for combined authorities to have an elected mayor for the whole area. As with the combined authority, the precise powers exercised by the mayor are a matter for the authorities involved and form the basis of the "deal" with government, but a single,

democratically elected representative for an area is seen by the government as the best way to facilitate a constructive two way dialogue and demonstrate local accountability.

There are currently ten combined authorities across the country, ranging from the longest established – in Greater Manchester – to the more recently created combined authority in West Yorkshire. Each has a different number of constituent local authorities and varying levels of devolved funding and powers from Government, and a different level of power given to the elected mayor, where there is one in place.

Although devolution deals, where government passes powers and funding to local authorities, are not linked in law to combined authorities, the government has long made it clear that it expects local authorities to be able to work closely together on a larger footprint in order to make a deal viable, and that the combined authority model represents the best way to achieve this.

In Lancashire, discussions around a combined authority have been ongoing for some time through the Lancashire Leaders group (involving the Leaders of all 15 local authorities). These conversations have gained impetus in the last year or so for a number of reasons including comments made by the Prime Minister and government on the desire to push forward with devolution as a fundamental part of "levelling up" and more recently the response to the economic recovery post Covid; concerns about the future financial viability of some local authorities; and that combined authorities consistently benefit from more funding from central government and greater control over its application.

It is appropriate that Cabinet now take stock of the situation, consider the options, and set out a proposed formal position for full council to consider in order to determine the next steps.

Options

The creation of a combined authority is entirely optional, and must be initially driven by the authorities involved. There are other options for closer working with other local authorities, such as through a formally appointed joint committee or simple information arrangements. Operational shared service agreements between authorities can exist in any governance set up.

1. Joint Committees

Any local authorities can establish a joint committee and delegate a wide range of powers and functions to be exercised by that committee. Governance arrangements can be locally determined. This option sits comfortably with normal operational rules and practices for local authorities, and have been implemented successfully, albeit usually for specific individual service areas or where there are shared service arrangements (for example, waste collection and disposal). Authority would ultimately rest with each partner local authority's full council, and arrangements can be started and ended as necessary.

Whilst this offers familiarity and flexibility, arrangements can be fragile and lack a sense of permanence. Whilst government has always advised that it would be willing to engage with groups of local authorities in any and all forms of joint working that might suit local circumstances, there are no significant devolution deals based on simple joint committee working.

2. Informal arrangements

Lancashire Leaders currently meet on a monthly basis, and it is the forum through which pan-Lancashire issues and initiatives are steered, such as the development of the Greater Lancashire Plan.

Informal arrangements have the benefit of flexibility, but the obvious disadvantage of potential impermanence, and a reliance on voluntary support and contributions from partners, making long term planning difficult. Whilst the Leaders meetings have "operating principles", there is nothing deeper tying individual authorities in to the arrangements. Whilst the Lancashire Leaders have met with government and civil servants, there is no sense that such arrangements could be the basis for a devolution deal or for accessing additional funding opportunities.

3. Combined authority

Combined authorities are created by act of parliament. Whilst there are substantial local freedoms involved in the setting up and running of the combined authority, there is a significant and serious commitment involved, and a robust process to follow in the creation of the combined authority design to test its likely impact and effectiveness. This includes a review of governance arrangements in the proposed area to evidence effective delivery of statutory functions.

Combined authorities are governed by a constitution developed by the partners involved and designed specifically for the purpose.

Combined authority powers

A combined authority can, in essence, take on any powers that its members wish it to have. Primarily though, in consultation with government, it would seek to reach a devolution deal, where central powers and responsibilities are handed down from Government.

Typically, in other places this has included greater control through:

- integrated public services (health and social care, emergency services, housing providers, one public estate, schools)
- economic development (including employment and business support)
- spatial planning, land and housing
- further / adult education, skills and apprenticeships
- transport including wider freedoms around concessionary travel for young people and bus franchising
- homelessness

- crime e.g. co-commissioning. In some combined authority areas, the elected mayor takes on the role of the Police and Crime Commissioner

Combined authority – Process

There are a number of steps that authorities must progress through to create a combined authority. This process helps demonstrate commitment on the part of the authorities involved and allows serious consideration of the structure and priorities of the new body. It also ensures full public engagement with the proposals. Lancashire has already undertaken a number of these steps as part of earlier efforts. Whilst these will need to be revisited and repeated, there is experience and knowledge to draw on.

The first stage is to conduct a governance review, involving a consideration of the different models of local government available, to identify how a combined authority could improve delivery of public services. This process involves carrying out a public consultation in all areas where it is proposed the combined authority operates.

This is then followed by the preparation and publication of a formal scheme, including details of the proposed powers and functions, as well as operating principles (including a constitution), which will form the basis of formal negotiations with central government. Ultimately, once agreed, the combined authority is brought into effect by a statutory instrument.

Elected Mayor

Eight of the ten existing combined authorities have a directly elected mayor. The elected mayor is the chair of their area's combined authority and is directly elected by the residents of the area. The mayor, in partnership with the combined authority, exercises the powers and functions devolved from government. The specific powers of the mayor and the combined authority collectively are a matter for local determination as part of the development of the combined authority. The mayor may have significant powers invested in them as an individual, but it is more common that they are a recognised voice and convenor for the area. Decisions are in practice made more consensually by all members of the combined authority with the elected mayor fulfilling a role of providing clear strategic direction and influence, and also demonstrable lines of accountability with government and the public for decisions and spending. Whilst an elected mayor is not compulsory in a combined authority it is clear that the government believes mayors introduce direction, clarity and accountability into the system, and would provide a clear, influential voice for Lancashire.

The elected mayor may also take on the role of the Police and Crime Commissioner for the area, although this is also a matter for local determination.

Economy

Effective economic policy relies on co-ordinated intervention across multiple functions. Fragmented institutions and organisations, despite their best intentions and common aims, can limit effective place-based leadership. Combined authorities

– often across a clear functional geography or macro-economic region and aligned to Local Enterprise Partnership boundaries (such as the Lancashire Local Enterprise Partnership (LEP)) – enable strong, streamlined, decentralised governance through devolution deals improving local decision-making, democracy and benefitting the whole economy.

Those common aims – tailored to local need, priorities and ambitions through joint working between local authorities - and the motivation of improved local accountability and democracy should drive the formation of combined authorities. For Lancashire there is a clear opportunity to learn from other areas and draw down powers and resource aligned to improved collaboration and innovative approaches to its priorities and the shared outcomes that authorities and key stakeholders want to achieve.

Devolution

Devolution Deals benefit the economy by drawing down funding, freedoms, flexibilities and powers from central government to the combined authority and mayor. This collaborative place-based leadership is aligned to the local priorities measured through typical economic metrics such as Gross Value Added (GVA - the measure of the value of goods and services produced in an area, industry or sector of an economy), business numbers, employment rates and wider community indices such as equality, inclusion, vibrancy, prosperity, innovation, sustainability, health, wellbeing and happiness.

Greater Manchester has the largest devolved powers outside of London totalling in excess of £8.6bn. Greater Manchester's devolution deals include a £900m Investment Fund Grant (£30m per year for 30 years); £300m Housing Investment Fund (recycled loan); £92m devolved Adult Education Budget; £6bn health and social care budget (although not under the direct control of the Greater Manchester Combined Authority) with £450m Transformation Fund alongside other funding for homelessness, work and health, business rates, transforming cities and growth deal. Whilst all deals are subject to negotiation, if Lancashire was as successful as Greater Manchester, on a population pro-rata basis this could equate to between £1.2bn and £4.6bn (subject to health and social care) for Lancashire.

In other combined authority areas, devolution deals have typically included the following example opportunities:

- **Economy, Employment, Business, Further Education and Skills**
To achieve priorities around the workforce such as to utilise devolved adult skills budget or align work and health programmes with troubled/complex families to achieve multiple outcomes from merged funding and governance. To improve employability; tackle long term unemployment; increase earnings; tackle low skills; increase high or specific skills. Joint oversight with Lancashire Enterprise Partnership of business growth hub, business formation, growth and support, productivity, innovation and apprenticeship grants.

- **Integrated Transport Authority**

Responsibility for transport plan, key route network, franchise opportunities and improvements, smart ticketing, improved/joint working with Network Rail, Highways England and Transport for the North. Tackle particular travel, transport, infrastructure or congestion issues and align to local priorities such as environment, air quality or low carbon.

- **Housing, Planning and Land**

Spatial planning for housing, employment and infrastructure, housing deliverability and affordability, development corporations, improved Compulsory Purchase Order powers, joint boards to manage land across the public estate and align to priorities such as public service reform and efficient use for delivery of priorities such as using surplus land for housing targets

Local Government reorganisation

Local Government reorganisation is the process by which the structure of local government in an area is changed. This might be through the merger of councils at the same level (ie two or more districts become one); through the merger of districts and counties to become unitaries; or through the significant redrawing of boundaries. It could, of course, be some or all of these things together.

The creation of a combined authority, elected mayor and a devolution deal are separate from the issue of local government reorganisation. However as part of the Combined Authority negotiation process with central government they would require a review of the local governance arrangements, and where appropriate a simplification, to ensure the efficient and effective delivery of statutory functions within the area.

The creation of a combined authority is not a mechanism to take power away from individual local authorities, nor is it the creation of a unitary by proxy. It represents an opportunity for all partner authorities to enhance their power and influence over a wider range of issues in a joined up way, including the consideration of how these are best implemented on the ground.

Position in Lancashire

Currently, all 15 local authorities in Lancashire are involved in the Lancashire Leaders meeting, and have been invited to consider a formal position in relation to the combined authority and elected mayor. A Combined Authority requires the consensus of all participating authorities and they must have shared boundaries. This has consistently proved challenging for Lancashire and while it may be possible to move forward if one or two authorities on the periphery of the pan Lancashire boundary were not engaged, undoubtedly a stronger case could be made to government if all 15 move forward together.

A timetable towards approval of any devolution deal would likely be a minimum of 2 years (to 2022).

Following an approach to Government, the Secretary of State for Housing, Communities and Local Government would commence the process and identify a Whitehall team for Lancashire to work with. Work has already been agreed in principle to develop an evidence base for a Greater Lancashire Plan throughout 2020 which will provide a good baseline of information on a number of themes. This may provide the basis for identifying priorities for a devolution deal but will be reviewed once the work is complete in the autumn.

During 2020, the Lancashire authorities would seek to collectively develop the detailed proposal for consideration by each council, to seek consent. If this is successful a Shadow Combined Authority would be established, although the timeline for this would be determined in 2020/21 when the work around the governance structure is completed.

Once this work is completed the county council will consider a further report on the detailed Combined Authority proposal and the consent of full council would be required to proceed.

Conclusions

Government has given strong indications that they wish to "level up" the country in terms of prosperity, opportunity and income and they see devolution as the mechanism to do this. In order to effectively secure these benefits for the people of Lancashire a combined authority with elected Mayor is likely to be a requirement. As Lancashire emerges from the Covid-19 pandemic, more than ever we need a strong and influential voice with government and combined authority status would give greater weight to the economic recovery planning that needs to take place including tailored opportunities to tackle the immediate impacts ahead of the Comprehensive Spending Review as well as the strategic infrastructure for a rebound and sustainable growth in Lancashire's economy. Evidence from recent combined authority activity and funding deals illustrates starkly how Lancashire could be missing out with the new West Yorkshire Combined Authority benefitting significantly from the recent Transforming Cities funding whilst Lancashire's award fell well short of the bidding scenarios.

Collaborative place-based leadership will ensure Lancashire is best placed to achieve its economic ambitions through a positive and confident growth-led recovery. Combined authorities are empowered to take a medium to longer term view, working in partnership with government to align budgets and devolve powers, freedoms and flexibilities to the shared priorities and outcomes they want to achieve together. It is considered vital that Lancashire and its economy is positioned as a key driver of a balanced UK economy.

Whilst there are several models of joint working available, it is considered that only a combined authority can achieve this ambition, and that an elected mayor would bring essential direction, clarity and accountability to the arrangements.

It is therefore proposed that Cabinet recommend that Full Council support the principle for a Combined Authority and Elected Mayor for Lancashire.

Consultations

Lancashire Leaders have considered and discussed the issues at their regular meetings. All individual authorities in Lancashire have been asked to establish their position through their own governance arrangements.

Implications:

This item has the following implications, as indicated:

Risk management

Economic risks are as set out in the report.

Financial

Approval of the annual budget for the combined authority including decisions on any levies, precepts or other demands for financial contribution from constituent authorities is subject to unanimous agreements by the constituent members. The scale of funding for Lancashire devolved from Government will be determined through the devolution deal but is likely to be significant.

Legal

The powers to establish a Combined Authority are contained within the Local Democracy, Economic Development and Construction Act 2009 and The Cities and Local Government Devolution Act 2016. A constitution for the Combined Authority will also be developed. The council's own constitution will be reviewed, and any necessary amendments will be made. A parliamentary order is needed to establish a Combined Authority.

List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A